



State of Arizona
Department of Education

Tom Horne
Superintendent of
Public Instruction

July 18, 2007

TO: Local Educational Agencies (LEAs)
FROM: Arizona Department of Education (ADE), Grants Management
Sarah Lors, Manager

SUBJECT: **A Brief Introduction to Grant Management Update: Combined Indirect Cost Rate**

Effective July 1, 2007, Grants Management System will allow districts to use Combined Indirect Cost Rate against their grant projects.

Arizona Revised Statute (Title 15-Chapter 3 Article 1) states that County School Superintendents (CSS) will handle the fiscal activities of districts including federal grant funds unless the district has been approved for fiscal independence. (R7-2-902). We are pleased to note the following changes in the Grants Management Enterprise.

To help districts understand Combined Indirect Cost Rate, we have included a calculation worksheet and a memo in the Grants Indirect Cost Rate website that is located at https://www.ade.az.gov/gme/Additional_Information/IndirectCosts.asp.

Combined Indirect Cost Rate will affect the grant application and project summary.

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FINANCIAL DATA	Purchased Professional Services	6300	0.00
	Purchased Property Services	6400	0.00
	Other Purchased Services	6500	0.00
	Supplies	6600	0.00
	Other Expenses	6800	0.00
	Subtotal for Operation of Non-Instructional Services 3000		0.00
	Project SubTotal		3,000.00
	Max ADE Restricted Indirect Cost Allowed		240.00
	Indirect Cost		
	Restricted Indirect Cost Rate 8 %	6910	0.00
CAPITAL OUTLAY	Property	6700 et. al.	0.00
	Total		3,000.00

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1) Grant Application

Effective July 1, 2007 federal grant applications that allow indirect costs will now reflect the entity's approved indirect cost rate plus the county's approved rate, if applicable, in the financial data line item page. If the combined indirect cost rate is more than the grant's maximum allowable indirect rate, then the maximum allowable rate will be used in the application.

1. ICR (Indirect Cost Rate)
2. Pilot Schools: The district has been approved for fiscal independence.

GRANTS MANAGEMENT ENTERPRISE



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Project Summary

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istrict	Mayer Unified School District	County's ICR	1.56 %	*ICR – Indirect Cost Rate	
DS	130243000	Entity's ICR	1.52 %	PCA #	70034
ant Name	2008 – CTE Basic Grant/Federal	Index #	00000	CFDA No.	84.048A
DA Title	Vocational Education–Basic Grants to States	Award Year	2003	Award No.	V048A040003
ward Agency	US Department of Education	Award Name	Carl D. Perkins		
object Number	08FCTDBG-870034-01A	Project Start Date	07/01/2007	Project End Date	07/31/2008
endment Approval te	N/A	Amendment Number	0	Fiscal Year	2008

2) Change in Project Summary

- Effective July 1, 2007 Project Summary will include county's ICR for the current fiscal year along with Entity's ICR. Regardless of type of entities and type of grants, this information will be displayed in their Project Summary as additional information. Actual Combined Indirect Cost Calculation will be only used for districts (Not applicable to pilot schools)
- The following calculation will be used for a district's restricted indirect cost rate if applicable.
 - County's Indirect Cost Rate + Entity's Indirect Cost Rate = Combined Indirect Cost Rate
(ex. 1.56 % + 1.52 % = 3.08%)
 - Compare Combined Indirect Cost Rate against grant's maximum allowable indirect cost rate
 - Please reference [Maximum Allowable Indirect Cost for Grants/ Projects Matrix](#) online.
 - (ex. 3.08% < Maximum allowable Indirect Cost Rate (8%))
 - The Grants Management System will use Combined Indirect Cost Rate as Indirect Cost Rate if it doesn't exceed the maximum allowable by program legislation/regulations.
(ex. 3.08%)

Other Expenses	6800	0.00	August (17)	0.00	
Subtotal for Operation of Non-Instructional Services 3000		0.00	September (15)	0.00	
Project SubTotal		11,115.50	RSP	8,225.41	
Max ADE Restricted Indirect Cost Allowed		342.35	Total	18,225.41	
Indirect Cost			* Payment(s) in progress		
Restricted Indirect Cost Rate 3.08 %	6910	342.35	RSP=Remaining Scheduled Payment		
Capital Outlay					
Property	6700 et. al.	6,767.56			
Total		18,225.41			

The Grants Management staff is here to answer your questions from 8am to 5pm Monday through Friday, excluding holidays at (602) 542-3452.

- ICR (Indirect Cost Rate)
- Pilot Schools: The district has been approved for fiscal independence.